

GENERAL MILLS INC
Form 10-Q
March 20, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED February 24, 2019

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM _____ TO _____
Commission file number: 001-01185

GENERAL MILLS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

41-0274440
(I.R.S. Employer
Identification No.)

Number One General Mills Boulevard
Minneapolis, Minnesota
(Address of principal executive offices)

55426
(Zip Code)

(763) 764-7600

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

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Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of large accelerated filer, accelerated filer, smaller reporting company, and emerging growth company in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Number of shares of Common Stock outstanding as of March 11, 2019: 598,790,681 (excluding 155,822,647 shares held in the treasury).

General Mills, Inc.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

Consolidated Statements of Earnings

GENERAL MILLS, INC. AND SUBSIDIARIES

(Unaudited) (In Millions, Except per Share Data)

	Quarter Ended		Nine-Month Period Ended	
	Feb. 24, 2019	Feb. 25, 2018	Feb. 24, 2019	Feb. 25, 2018
Net sales	\$ 4,198.3	\$ 3,882.3	\$ 12,703.5	\$ 11,850.2
Cost of sales	2,755.3	2,625.8	8,408.0	7,834.2
Selling, general, and administrative expenses	696.6	679.5	2,192.6	2,117.9
Divestiture loss	35.4	-	35.4	-
Restructuring, impairment, and other exit costs	59.7	7.5	267.7	14.3
Operating profit	651.3	569.5	1,799.8	1,883.8
Benefit plan non-service income	(21.4)	(23.2)	(63.3)	(64.5)
Interest, net	130.8	89.3	397.0	236.6
Earnings before income taxes and after-tax earnings from joint ventures	541.9	503.4	1,466.1	1,711.7
Income taxes	95.8	(432.5)	313.1	(29.1)
After-tax earnings from joint ventures	11.8	16.6	52.0	64.1
Net earnings, including earnings attributable to redeemable and noncontrolling interests	457.9	952.5	1,205.0	1,804.9
Net earnings attributable to redeemable and noncontrolling interests	11.1	11.1	22.5	28.3
Net earnings attributable to General Mills	\$ 446.8	\$ 941.4	\$ 1,182.5	\$ 1,776.6
Earnings per share - basic	\$ 0.74	\$ 1.64	\$ 1.97	\$ 3.10

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Earnings per share - diluted	\$ 0.74	\$ 1.62	\$ 1.96	\$ 3.05
Dividends per share	\$ 0.49	\$ 0.49	\$ 1.47	\$ 1.47

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

GENERAL MILLS, INC. AND SUBSIDIARIES

(Unaudited) (In Millions)

	Quarter Ended		Nine-Month Period Ended	
	Feb. 24, 2019	Feb. 25, 2018	Feb. 24, 2019	Feb. 25, 2018
Net earnings, including earnings attributable to redeemable and noncontrolling interests	\$ 457.9	\$ 952.5	\$ 1,205.0	\$ 1,804.9
Other comprehensive income (loss), net of tax:				
Foreign currency translation	48.7	23.5	(20.1)	43.0
Other fair value changes:				
Securities	-	0.6	-	1.4
Hedge derivatives	(7.7)	(6.7)	1.5	(15.6)
Reclassification to earnings:				
Securities	-	-	(2.0)	-
Hedge derivatives	(1.2)	2.8	(0.5)	3.4
Amortization of losses and prior service costs	21.0	30.7	63.5	86.4
Other comprehensive income, net of tax	60.8	50.9	42.4	118.6
Total comprehensive income	518.7	1,003.4	1,247.4	1,923.5
Comprehensive income (loss) attributable to redeemable and noncontrolling interests	13.0	40.7	(3.8)	125.5
Comprehensive income attributable to General Mills	\$ 505.7	\$ 962.7	\$ 1,251.2	\$ 1,798.0

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

GENERAL MILLS, INC. AND SUBSIDIARIES

(In Millions, Except Par Value)

	Feb. 24, 2019 (Unaudited)	May 27, 2018
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 547.1	\$ 399.0
Receivables	1,704.1	1,684.2
Inventories	1,544.5	1,642.2
Prepaid expenses and other current assets	374.1	398.3
Total current assets	4,169.8	4,123.7
Land, buildings, and equipment	3,822.9	4,047.2
Goodwill	14,025.8	14,065.0
Other intangible assets	7,195.7	7,445.1
Other assets	1,071.6	943.0
Total assets	\$ 30,285.8	\$ 30,624.0
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 2,750.5	\$ 2,746.2
Current portion of long-term debt	1,407.2	1,600.1
Notes payable	1,971.3	1,549.8
Other current liabilities	1,387.6	1,445.8
Total current liabilities	7,516.6	7,341.9
Long-term debt	11,642.6	12,668.7
Deferred income taxes	2,046.9	2,003.8
Other liabilities	1,281.4	1,341.0
Total liabilities	22,487.5	23,355.4
Redeemable interest	548.9	776.2
Stockholders' equity:		
Common stock, 754.6 shares issued, \$0.10 par value	75.5	75.5
Additional paid-in capital	1,414.2	1,202.5
Retained earnings	14,724.5	14,459.6
	(6,923.5)	(7,167.5)

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Common stock in treasury, at cost, shares of 156.0 and 161.5		
Accumulated other comprehensive loss	(2,360.3)	(2,429.0)
Total stockholders' equity	6,930.4	6,141.1
Noncontrolling interests	319.0	351.3
Total equity	7,249.4	6,492.4
Total liabilities and equity	\$ 30,285.8	\$ 30,624.0

See accompanying notes to consolidated financial statements.

Consolidated Statements of Total Equity and Redeemable Interest

GENERAL MILLS, INC. AND SUBSIDIARIES

(Unaudited) (In Millions, Except per Share Data)

\$.10 Par Value Common Stock (One Billion Shares Authorized)

Issued

Treasury

Accumulated

Non-

Other

Controlling

Total Redeemable

	Shares	Par Amount	Additional Paid-In Capital	Shares	Treasury Amount	Retained Earnings	Accumulated Other Comprehensive Loss	Non-Controlling Interests	Total Equity	Redeemable Interest
Balance as of May 27, 2018	754.6	\$ 75.5	\$ 1,202.5	(161.5)	\$ (7,167.5)	\$ 14,459.6	\$ (2,429.0)	\$ 351.3	\$ 6,492.4	\$ 776.2
Total comprehensive income (loss)						392.3	(70.2)	1.8	323.9	(6.6)
Cash dividends declared (\$0.49 per share)						(294.2)			(294.2)	
Shares purchased				-	(0.2)					(0.2)
Stock compensation plans			(2.5)	3.0	131.8				129.3	
Unearned compensation related to restricted stock unit awards			(65.2)						(65.2)	
Earned compensation			28.1						28.1	
Increase in redemption value of redeemable interest			(2.0)						(2.0)	2.0
Distributions to noncontrolling and redeemable interest holders										