

GENERAL MILLS INC
Form 10-Q
September 20, 2017
Table of Contents

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 August 27, 2017

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)	

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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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted 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 post 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
Non-accelerated filer (Do not check if a smaller reporting company)
Emerging growth company

Accelerated filer
Smaller reporting 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 September 13, 2017: 568,338,468 (excluding 186,274,860 shares held in the treasury).

Table of Contents

General Mills, Inc.

Table of Contents

	Page
<u>PART I Financial Information</u>	
Item 1. <u>Financial Statements</u>	
<u>Consolidated Statements of Earnings for the quarters ended August 27, 2017 and August 28, 2016</u>	3
<u>Consolidated Statements of Comprehensive Income for the quarters ended August 27, 2017 and August 28, 2016</u>	4
<u>Consolidated Balance Sheets as of August 27, 2017, and May 28, 2017</u>	5
<u>Consolidated Statements of Total Equity and Redeemable Interest for the quarter ended August 27, 2017 and fiscal year ended May 28, 2017</u>	6
<u>Consolidated Statements of Cash Flows for the quarters ended August 27, 2017 and August 28, 2016</u>	7
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	21
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	36
Item 4. <u>Controls and Procedures</u>	36
<u>PART II Other Information</u>	
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	38
Item 6. <u>Exhibits</u>	39
<u>Signatures</u>	40

Table of Contents

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	
	Aug. 27, 2017	Aug. 28, 2016
Net sales	\$ 3,769.2	\$ 3,907.9
Cost of sales	2,459.1	2,491.0
Selling, general, and administrative expenses	679.1	712.2
Restructuring, impairment, and other exit costs	5.2	58.9
Operating profit	625.8	645.8
Interest, net	72.4	73.9
Earnings before income taxes and after-tax earnings from joint ventures	553.4	571.9
Income taxes	168.5	176.6
After-tax earnings from joint ventures	23.7	24.2
Net earnings, including earnings attributable to redeemable and noncontrolling interests	408.6	419.5
Net earnings attributable to redeemable and noncontrolling interests	3.9	10.5
Net earnings attributable to General Mills	\$ 404.7	\$ 409.0
Earnings per share - basic	\$ 0.70	\$ 0.68
Earnings per share - diluted	\$ 0.69	\$ 0.67
Dividends per share	\$ 0.49	\$ 0.48

See accompanying notes to consolidated financial statements.

Table of Contents**Consolidated Statements of Comprehensive Income**

GENERAL MILLS, INC. AND SUBSIDIARIES

(Unaudited) (In Millions)

	Quarter Ended	
	Aug. 27, 2017	Aug. 28, 2016
Net earnings, including earnings attributable to redeemable and noncontrolling interests	\$ 408.6	\$ 419.5
Other comprehensive income, net of tax:		
Foreign currency translation	61.5	80.4
Other fair value changes:		
Securities	0.3	0.4
Hedge derivatives	(8.8)	15.2
Reclassification to earnings:		
Hedge derivatives	(0.2)	(2.8)
Amortization of losses and prior service costs	27.8	30.6
Other comprehensive income, net of tax	80.6	123.8
Total comprehensive income	489.2	543.3
Comprehensive income attributable to redeemable and noncontrolling interests	72.0	6.8
Comprehensive income attributable to General Mills	\$ 417.2	\$ 536.5

See accompanying notes to consolidated financial statements.

Table of Contents**Consolidated Balance Sheets**

GENERAL MILLS, INC. AND SUBSIDIARIES

(In Millions, Except Par Value)

	Aug. 27, 2017 (Unaudited)	May 28, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 820.8	\$ 766.1
Receivables	1,546.5	1,430.1
Inventories	1,595.2	1,483.6
Prepaid expenses and other current assets	376.0	381.6
Total current assets	4,338.5	4,061.4
Land, buildings, and equipment	3,648.1	3,687.7
Goodwill	8,832.3	8,747.2
Other intangible assets	4,593.3	4,530.4
Other assets	797.4	785.9
Total assets	\$ 22,209.6	\$ 21,812.6
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable	\$ 2,172.9	\$ 2,119.8
Current portion of long-term debt	604.7	604.7
Notes payable	1,660.3	1,234.1
Other current liabilities	1,452.0	1,372.2
Total current liabilities	5,889.9	5,330.8
Long-term debt	7,822.7	7,642.9
Deferred income taxes	1,761.0	1,719.4
Other liabilities	1,485.6	1,523.1
Total liabilities	16,959.2	16,216.2
Redeemable interest	967.5	910.9
Stockholders' equity:		
Common stock, 754.6 shares issued, \$0.10 par value	75.5	75.5
Additional paid-in capital	1,070.7	1,120.9
Retained earnings	13,259.3	13,138.9
Common stock in treasury, at cost, shares of 186.4 and 177.7	(8,269.7)	(7,762.9)
Accumulated other comprehensive loss	(2,232.0)	(2,244.5)
Total stockholders' equity	3,903.8	4,327.9

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Noncontrolling interests	379.1	357.6
Total equity	4,282.9	4,685.5
Total liabilities and equity	\$ 22,209.6	\$ 21,812.6

See accompanying notes to consolidated financial statements.

Table of Contents**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)		Treasury		Accumulated			Non- controlling Interests	Total Equity	Redeemable Interest
	Issued	Par	Additional Paid-In Capital	Shares	Amount	Retained Earnings	Other Loss			
	Shares	Amount	Capital	Shares	Amount	Earnings	Loss	Interests	Equity	Interest
Balance as of May 29, 2016	754.6	\$ 75.5	\$ 1,177.0	(157.8)	\$ (6,326.6)	\$ 12,616.5	\$ (2,612.2)	\$ 376.9	\$ 5,307.1	\$ 845.6
Total comprehensive income						1,657.5	367.7	13.8	2,039.0	17.2
Cash dividends declared (\$1.92 per share)						(1,135.1)			(1,135.1)	
Shares purchased				(25.4)	(1,651.5)				(1,651.5)	
Stock compensation plans (includes income tax benefits of \$64.1)			3.6	5.5	215.2				218.8	
Unearned compensation related to restricted stock unit awards			(78.5)						(78.5)	
Earned compensation			94.9						94.9	
Increase in redemption value of redeemable interest			(75.9)							