Harsh Winter Hurts General Mills 3Q

MINNEAPOLIS (AP) — Rough winter weather took a bite out of General Mills [1]' fiscal third-quarter sales, and the cereal maker's results missed Wall Street expectations.

The maker of Cheerios, Yoplait and Betty Crocker products said Wednesday that its fiscal third-quarter net income rose 3 percent, free of a charge that hurt its results a year earlier.

For the three months that ended Feb. 23, the company earned $410.6 million, or 64 cents per share. That's up from $398.4 million, or 60 cents per share, a year earlier.

Last year's third quarter included a $6.1 million charge.

Removing certain items, earnings were 62 cents per share. Analysts expected 64 cents per share, according to a FactSet survey.

Revenue dipped 1 percent to $4.38 billion from $4.43 billion, hindered by bad winter weather, lower volumes and unfavorable foreign currency translation.

Wall Street was calling for $4.41 billion in revenue.

U.S. retail sales declined 2 percent as the company dealt with higher dairy costs and increased marketing and merchandising costs for its domestic yogurt business.

The yogurt business has been challenged by upstart competitors such as Chobani selling Greek yogurt.

Sales for the conveniences stores and food-service unit dropped 7 percent due to the winter weather and lower prices on some product lines.

Sales improved in Europe and the Asia Pacific region, which offset weakness in Latin America and Canada.

General Mills Inc. maintained its forecast for strong double-digit growth in adjusted earnings per share for the fourth quarter. The Minneapolis company also reaffirmed its fiscal 2014 guidance for adjusted earnings between $2.87 and $2.90 per share.

Analysts predict full-year earnings of $2.87 per share.

Shares of General Mills rose 30 cents to $51.01 in morning trading.

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http://www.foodmanufacturing.com/news/2014/03/harsh-winter-hurts-general-mills-3q

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[1] https://twitter.com/GeneralMills