

BUSINESS & FINANCE

General Mills Lifts Outlook as Sales Gain

By Jesse Newman
and Dean Seal

General Mills Inc. raised its outlook for 2023 after the consumer foods company increased prices and reported a boost in sales for its snacks and baking products.

The Minneapolis-based maker of Cheerios and Betty Crocker cake mix said sales in its fiscal second quarter rose 4% from a year earlier to \$5.2 billion, driven by higher prices and positive shifts in the mix of products it sold. Volumes, meanwhile, fell 12%, with significant drop-offs in the company's international and pet businesses.

General Mills said Tuesday that organic net sales increased 11% from a year earlier. Sales in the company's North American retail business, its largest segment, also rose 11% in the quarter ended Nov. 27, led by double-digit growth from snacks, breakfast foods and baking products.

The company said it now expects stronger organic sales growth this year and higher adjusted earnings, even as it projects costs to rise 14% to 15%.

Jeff Harmening, chief executive of General Mills, said on a conference call that price increases are still an option, given continuing elevated levels of inflation.

Mr. Harmening said inflation might slow and that the company has already raised most of the prices it will need for its current fiscal year. Still,

While the food maker's revenue was fueled by price rises, volumes fell 12%.

General Mills is raising prices on some pet-food products in February, he said, and the company will consider other increases that are justified based on the company's costs.

"Decelerating to double-digits is not exactly zero," Mr. Harmening said, referring to expected levels of inflation for the second half of the company's fiscal year. "As we look at our business, we'll continue to look at pricing."

General Mills shares closed down 4.6%.

Higher food prices have generally lifted sales for food producers this year while cutting into volumes.

Packaged-food giants, including Kellogg Co., Kraft Heinz Co., Conagra Brands Inc. and Mondelez International Inc., have for months been raising prices, saying the moves are necessary to offset their own climbing costs for ingredients, transportation and labor.

General Mills has taken other measures to improve its profitability, including changing packaging and sizes to charge more per ounce.

Food makers have said in recent quarters that more consumers are eating at home in response to rising prices on everything from rent to fuel. Labor Department data show that the price of eating at home is up 12% from a year ago. The price of eating out, meanwhile, is up 8.5%.

General Mills and other food makers warned consumers around this time last year that they would need to lift prices in a fight against soaring food-cost inflation and supply-chain disruptions.

General Mills said Tuesday that supply-chain challenges have improved modestly in recent months, as logistics problems continue to wane and disruptions among suppliers decline slightly. However, the company said it doesn't expect disruptions in its supply chain to return to prepandemic levels in the current fiscal year.

General Mills said it expects organic net sales to increase 8% to 9% for its current fiscal year, versus a previous outlook of 6% to 7% growth.

General Mills's quarterly profit edged 1% higher to \$605.9 million.

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Delta to Roll Out Free Onboard Wi-Fi

Carrier expected to offer the service on part of its fleet as soon as early 2023

By Alison Sider
and Andrew Tangel

Delta Air Lines Inc. is expected to begin rolling out free wireless internet for its passengers as soon as early 2023, people familiar with the matter said.

The Atlanta-based carrier is initially expected to offer free Wi-Fi on a significant portion of its airplanes before turning on the service on more of its fleet through next year, some of these people said. The move is likely to intensify competition over in-flight offerings as airlines rebound from the pandemic.

Delta declined to comment on its plans but said it is in the process of testing Wi-Fi infrastructure, with "various offerings to select customers on select routes."

Delta Chief Executive Ed Bastian has said for years that he wants in-flight internet to be fast and free, but there have been technical challenges. The airline first tested free Wi-Fi on domestic flights in 2019, and later turned to a new provider, Viasat Inc., to offer faster, more reliable service.

Delta began offering Wi-Fi on Viasat-enabled planes for a \$5 flat fee in 2021 and has said it plans to have most of its domestic mainline fleet equipped with that service by the end of this year. Viasat had no comment.

Internet access has become a key amenity for travelers, but it has also led to headaches and complaints when it doesn't work as expected. Connecting to Wi-Fi on a flight has often come with a high price tag, even as consumers have come to expect free access almost everywhere else. Airlines have been trying to address their Wi-Fi woes for years, trying out different



The airline began offering Wi-Fi on some jets for a flat \$5 in 2021.

technologies and business models.

JetBlue Airways Corp. has long offered free internet during flights, backed by corporate sponsorships. A number of other carriers have also been introducing faster, cheaper offerings, though prices and speeds can still vary widely.

Hawaiian Airlines plans to start offering free in-flight internet on its long-haul fleet

next year using Starlink, SpaceX's satellite broadband service. United Airlines Holdings Inc. offers the service for a flat fee of \$10, or \$8 for members of its frequent-flyer program on domestic U.S. flights and short-haul international trips. American Airlines Group Inc. has been running tests offering a sample of free Wi-Fi for customers who watch a short ad. Southwest Airlines Co.

charges \$8 a day and is upgrading its internet equipment. The airline has said it performed a "controlled pressure test" of free internet on certain flights to see how the system performed with as many users as possible, but executives have recently said they don't have immediate plans to revisit pricing.

Internet access has been a priority for Delta, which has aimed to position itself as a more high-end airline with premium features that can attract higher-paying leisure and business travelers. Delta has stepped up testing in recent months, and has recently been testing offers of free Wi-Fi for any members of its frequent-flyer program on a number of domestic mainline routes.

"It's complex to do, but we are actively testing it right now and it's working," Delta Chief Customer Experience Officer Allison Ausband said at an industry event in November.

Nike Revenue Increases but Stockpile Remains Elevated

By Inti Pacheco

Nike Inc.'s efforts to step up discounts on sneakers and other products helped lift sales in the latest quarter, but it signaled that progress remains in cutting its inventory levels.

The sneaker giant on Tuesday said sales in its second quarter rose 17% from a year ago and profits were roughly flat. The result was better than what analysts estimated, helping send company shares up more than 7% in after-hours trading.

Analysts have been watching Nike and other retailers for progress in trimming inventories as many consumers have shifted discretionary

spending as inflation pounds their budgets.

Nike pared down its inventory levels from the first quarter but it remains elevated. The company said the value of its inventory was \$9.3 billion in the quarter ended Nov. 30, up 43% from the prior year.

Nike executives have said the company started increasing discounts this past summer but it was looking to the fall quarter to aggressively clear out excess goods.

Retailers that sell Nike products, such as Dick's Sporting Goods Inc. and Foot Locker Inc., posted better-than-expected sales in their most recent quarters in part because they had access to products that were hard to get for the

past two years.

Foot Locker had been bracing to have fewer Nike items on its shelves as the sneaker giant planned to shift how much product it sent to some retailers. But Foot Locker is now expecting a "higher mix of Nike sales than we originally anticipated," executives said in mid-November.

Nike's sales in North America rose by 30% from a year ago, boosted by markdowns, it said.

Meanwhile in China, Nike is still recovering from Covid lockdowns and factory closures that have hurt its business in the country. In September, the company said the situation was improving. In the most recent quarter, sales



The sneaker maker's quarterly sales were better than expected.

fell 3% overall year over year, but when excluding currency fluctuations, they rose 6%.

In the latest quarter, Nike posted net income of \$1.33 billion, or 85 cents a share, compared with \$1.34 billion, or 83 cents a share, a year earlier. Revenue rose to \$13.32 billion from \$11.36 billion a year earlier.

Nike was projected to report earnings of \$1.02 billion, or 65 cents a share, on \$12.58 billion of revenue, according to analysts polled by FactSet.

Nike shares were down 38% this year through Tuesday's close, compared with a roughly 20% decline in the S&P 500.

World Cup Ratings Soar

By Joe Flint

A record audience of roughly 16.8 million people watched Argentina defeat France in the World Cup championship on the Fox network and its streaming platform, according to Nielsen Media Research.

NBCUniversal's Spanish-language Telemundo also covered the World Cup and the audience for the championship game Sunday on that network and the Peacock streaming service averaged 9 million viewers, an increase of 65% from the 2018 finale. NBCUni-

versal is a unit of Comcast Corp.

The nearly 17 million viewers for Fox's World Cup coverage topped the previous record for English-language coverage in the U.S. of 14.5 million viewers in 1994 when Brazil won. The U.S. hosted the World Cup that year, and the final match aired on ABC.

The 16.8 million average figure Sunday includes the pregame show. Nielsen and Fox will release game-only figures later this week.

Both Fox and Telemundo have the rights to the World Cup through 2026.

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