

KELLOGG COMPANY UNVEILS STRATEGIES AND FINANCIAL OUTLOOKS FOR KELLANOVA AND WK KELLOGG CO AT INVESTOR DAY

- *Kellogg Company remains on track to complete the previously announced separation during the fourth quarter of 2023*
- *At that time Kellogg Company will separate into Kellanova (NYSE: K) and WK Kellogg Co (NYSE: KLG), with existing Kellogg shareowners receiving shares in the new WK Kellogg Co*
- *Kellanova will feature a growth-oriented portfolio that is weighted toward snacks and emerging markets, and is led by highly differentiated brands with considerable opportunity for expansion; it projects net sales of approximately \$13.4-13.6 billion and adjusted-basis EBITDA¹ of approximately \$2.25-2.3 billion³ in 2024*
- *Kellanova expects to deliver long-term annual growth rates of 3-5% for net sales (organic basis), 5-7% for operating profit (currency neutral and adjusted basis), and 7-9% for earnings per share (currency neutral and adjusted basis), including in 2024 on a like-for-like basis excluding WK Kellogg Co*
- *Building on a foundation of iconic brands and a leading share position in North American cereal, WK Kellogg Co will focus and integrate its commercial execution and modernize its supply chain, which it expects will result in improved competitiveness, profitability, and cash flow; it projects net sales of approximately \$2.7 billion and adjusted-basis EBITDA¹ of approximately \$255-265 million³ in 2024*
- *Over the next three years, WK Kellogg Co expects to improve its adjusted-basis EBITDA margins by 500 basis points³ by the end of 2026, through supply chain modernization and a stable top-line trajectory*

BATTLE CREEK, Mich., Aug. 9, 2023 /PRNewswire/ -- Kellogg Company (NYSE: K) today will host an investor day in which the management teams of Kellanova and WK Kellogg Co will meet with analysts and investors to unveil their respective strategies, capital structures, and financial outlooks, ahead of their planned separation during the fourth quarter of 2023.

"We are excited to be able to share the strategies and financial outlooks for what will be two outstanding companies after the spin-off," stated Steve Cahillane, Kellogg Company's Chairman and Chief Executive Officer. "We've discussed previously the benefits of enhanced focus and fit-for-purpose strategies for both standalone companies, and today we will share how these benefits translate into improved financial performance and shareowner value."

Webcast Details

Date: Wednesday, August 9, 2023

Time: 9:00 a.m. – 3:00 p.m. EDT

Presentation Slides: Printable slides available at approximately 8:00 a.m. EDT on Wednesday, August 9 at <https://investor.kelloggs.com>.

Webcast: Live audio webcast with or without slides is available at <https://investor.kelloggs.com>.

Participation by the press in the live Q&A session is in a listen-only mode.

Rebroadcast

A copy of WK Kellogg Co's Form 10 Registration Statement is available on the U.S. Securities and Exchange Commission's website at www.sec.gov as filed by WK Kellogg Co. The Form 10, filed on July 24, 2023, as amended, is subject to change and will be made final prior to the effective date of the spin. In addition to the public filing of the Form 10, Kellogg Company has posted supplemental business and other information about Kellanova and WK Kellogg Co to its investor website at <http://investor.kelloggs.com>. A dedicated website providing ongoing information about the separation is available at <https://www.unleashingourpotential.com>.

About the Separation

On June 21, 2022, Kellogg Company announced that its Board of Directors had approved a plan to pursue a separation of its North American cereal business ("WK Kellogg Co"), via a tax-free spin-off. Kellogg Company remains on track to complete the separation during the fourth quarter of 2023, subject to certain customary conditions, including final approval by the Board of Directors and effectiveness of the Form 10 Registration Statement.

Kellanova

Kellanova, with about \$13.5 billion in net sales projected for 2024, will be a leading company in global snacking, international cereal and noodles, and North America frozen foods, with iconic, world-class brands and strong growth momentum and profitability.

During today's investor meeting, members of Kellanova's senior management team will present Kellanova's go-forward strategy and how it will manifest in each of its four Regions and in its overall financial performance. Highlights include the following:

New Corporate Vision and Strategy. Kellanova has refreshed its strategy to focus more closely on what will drive Kellanova's business and lift its financial performance to a higher level. Called "Differentiate, Drive & Deliver", and underpinned by a new Company vision, the strategy prioritizes the ways in which Kellanova will Delight Consumers, Drive a Growth Portfolio, Deliver Perfect Service & Store, Expand Margins, and Live its Better Days Promise, all supported by the talent and passion of its organization, and resulting in consistently strong financial performance.

More Growth-Oriented Portfolio. Kellanova will feature a portfolio weighted toward snacking, with a global footprint and significant presence in fast-growing emerging markets. In 2022, global snacks and emerging markets collectively represented about 80% of Kellanova's net sales. Specifically, Kellanova's portfolio will be comprised of the following growth-oriented categories:

- **Snacks.** About 60% of Kellanova's 2022 net sales came from snacks. In addition to participating in categories with above-average growth, including salty snacks, crackers, and portable wholesome snacks, Kellanova competes with beloved and highly differentiated brands, including *Pringles*, *Cheez-It*, *Pop-Tarts*, *Rice Krispies Treats*, and more. Kellanova's snacks business spans the globe, with roughly 15% of its net sales coming from emerging markets. Kellanova's global snacks business grew its net sales on an organic basis at a compound annual growth rate of approximately 9% between 2019 and 2022².
- **International Cereal.** International cereal represented about 20% of Kellanova's 2022 net sales, with half of its net sales coming from fast-growing emerging markets. This business retains all of its strong *Kellogg's* brands, including *Frosties/Zucaritas*, *Tresor/Krave*, *Choco Krispies*, *Crunchy Nut*, *Corn Flakes*, *Nutri-Grain*, and more. Kellanova's international cereal business grew its net sales on an organic basis at a compound annual growth rate of approximately 5% between 2019 and 2022².
- **Noodles & Other.** This business in Africa accounted for just over 10% of Kellanova's 2022 net sales, and offers exceptional near-term and long-term growth as Kellanova expands in this emerging market. Kellanova's noodles and other

business grew its net sales on an organic basis at a compound annual growth rate of approximately 25% between 2019 and 2022².

- Frozen Foods. Representing just under 10% of Kellanova's 2022 net sales, this business is predominantly comprised of *Eggo*, Kellanova's leading brand of frozen waffles, pancakes, and French toast, and *MorningStar Farms*, Kellanova's leading brand of plant-based foods. Kellanova's frozen foods business grew its net sales on an organic basis at a compound annual growth rate of approximately 2% between 2019 and 2022².

Stronger Financial Outlook. As a standalone company, Kellanova will benefit from greater operational focus and fit-for-purpose strategy and resource allocation, investing behind its differentiated brands to deliver consistently strong net sales and earnings growth over time. This growth will be complemented by improving profitability through operating leverage, a mix shift toward its most differentiated brands, building scale in emerging markets, and ongoing productivity and revenue growth management. In the near-term, profitability will also benefit from actions taken to mitigate the stranded-margin impact of spinning off WK Kellogg Co.

All of this is reflected in Kellanova's financial outlook, which is as follows:

- 2024 Preliminary Guidance. In 2024, Kellanova expects to generate net sales of \$13.4-13.6 billion and adjusted-basis operating profit of \$1.85-1.90 billion³. With depreciation and amortization remaining at roughly 3% of net sales, this translates into adjusted-basis EBITDA of \$2.25-2.3 billion³. Kellanova projects adjusted-basis earnings of \$3.55-3.65 per share³. On a like-for-like basis that excludes WK Kellogg Co from the 2023 base, these estimates translate into year-on-year growth that is in line with Kellanova's long-term algorithm.
- Long-Term Algorithm. Kellanova is targeting net sales growth of 3-5% over time on an organic basis, led by snacks and emerging markets. It targets operating profit growth of 5-7% over time on a currency-neutral and adjusted basis, driven by top-line growth and a steady improvement in adjusted-basis operating profit margin, with the latter reaching and ultimately exceeding a medium-term target of 15%. Kellanova targets earnings per share growth of 7-9% over time on a currency-neutral and adjusted basis.
- Capital Allocation Priorities. Durable cash flow will enable Kellanova to invest incremental capital over the next few years in capacity and capabilities for its most differentiated brands. Kellanova expects its debt leverage at the time of the separation to be roughly in line with Kellogg Company's current ratio of net debt to trailing 12-month adjusted-basis EBITDA, and it targets this ratio to remain below 3x going forward. An attractive dividend remains a priority for Kellanova; with the aggregate dividend of the two post-separation companies remaining unchanged, Kellanova's payout ratio will be elevated initially, but will reach the Company's longer-term target of 50% payout ratio within the next few years.

"Kellanova is entering an exciting new era, in which we are building on what was already a strong business, applying a sharpened strategy, and taking our performance to the next level," said Steve Cahillane. "The result is a compelling opportunity for value creation, marked by a more growth-oriented portfolio, better profit margins, and faster sales and profit growth, all propelled by a passionate and engaged organization with huge excitement for the future."

WK Kellogg Co

WK Kellogg Co, with about \$2.7 billion in net sales projected for 2024, will be a leading food company focused on the U.S., Canada, and Caribbean cereal markets, with a portfolio of iconic, world-class brands, strong category shares, and compelling opportunities for significant margin expansion and profit growth.

During today's investor meeting, members of WK Kellogg Co's senior management team will present the WK Kellogg Co strategy, planned changes and investments, and its overall financial outlook. Highlights include the following:

Building on its Portfolio of Iconic Brands. WK Kellogg Co has leading market positions with a portfolio of powerful brands such

as *Frosted Flakes*, *Special K*, *Froot Loops*, *Raisin Bran*, *Frosted Mini-Wheats*, *Kashi*, and more. It has a 117-year legacy of innovation in foods and marketing, a scaled infrastructure, and a highly experienced leadership team.

Integrating and Focusing its Commercial Execution. Following the separation, WK Kellogg Co will benefit from greater operational focus and fit-for-purpose strategy and resource allocation. For the first time, it will integrate its strategy and execution across all three markets (U.S., Canada, Caribbean) and across all retail channels, leading to greater efficiency and agility. A new marketing model and robust innovation pipeline will ensure impactful messaging and compelling new products, and they will be activated in the market by a dedicated sales organization solely focused on winning in cereal. These changes are expected to improve WK Kellogg Co's competitiveness and lead to increased share of the category.

Modernizing its Supply Chain. As a standalone company, with integration across markets and channels, WK Kellogg Co will pursue end-to-end operating efficiencies, which along with ongoing productivity and revenue growth management actions will contribute to continued restoration of profit margins. In addition, management's strategy is to invest in further substantial margin expansion by modernizing its supply chain, including realigning its manufacturing network and introducing new technologies and automation.

Stronger Financial Outlook. Focused execution and actions to drive long-term margin improvement will enhance WK Kellogg Co's inherently durable cash flow generation. In the near term, capital expenditure will be elevated as the Company invests in modernizing its supply chain, driving accelerated margin expansion and cash flow growth thereafter.

All of this is reflected in WK Kellogg Co's financial outlook, which is as follows:

- **2024 Preliminary Guidance.** WK Kellogg Co expects to generate net sales of approximately \$2.7 billion in 2024, which would be on par with 2023 on a like-for-like basis. It projects adjusted-basis EBITDA¹ of \$255-265 million³, with margins improving slightly in the first year of its profitability-improvement actions.
- **2024-2026 Outlook.** WK Kellogg Co projects stable net sales over the three-year period. It projects its adjusted-basis EBITDA margin to improve by approximately 500 basis points³ during this time frame, reflecting end-to-end operating efficiencies, ongoing productivity and revenue growth management, and incremental margin benefits from modernizing its supply chain.
- **Capital Allocation Priorities.** WK Kellogg Co anticipates making significant investments in its supply chain in the near term as its first priority. WK Kellogg Co expects to have approximately \$500 million of debt on its balance sheet at the time of the transaction, in the form of a term loan with a delayed drawdown feature, available to fund this supply chain investment. WK Kellogg Co expects to pay cash dividends, with a payout ratio of approximately 45% in 2024.

"We could not be more excited about the prospects for WK Kellogg Co," said Gary Pilnick, WK Kellogg Co's Chief Executive Officer Designate. "We will start with a strong foundation of powerful, iconic brands and a 117-year legacy of leadership in marketing and innovation. To that we will add the spirit and mentality of a start-up, with an integrated commercial strategy focused on cereal and a comprehensive plan to modernize our supply chain – all supported by an energized and winning culture. The result will be a stronger, more profitable company, well positioned to win in cereal and deliver for our shareowners."

About Kellogg Company

At Kellogg Company (NYSE: K), our vision is a good and just world where people are not just fed but fulfilled. We are creating better days and a place at the table for everyone through our trusted food brands. Our beloved brands include *Pringles*®, *Cheez-It*®, *Special K*®, *Kellogg's Frosted Flakes*®, *Pop-Tarts*®, *Kellogg's Corn Flakes*®, *Rice Krispies*®, *Eggo*®, *Mini-Wheats*®, *Kashi*®, *RXBAR*®, *MorningStar Farms*® and more. Net sales in 2022 were over \$15.3 billion, comprised principally of snacks as well as convenience foods like cereal, frozen foods, and noodles. As part of our *Kellogg's® Better Days Promise* ESG strategy, we're addressing the interconnected issues of wellbeing, climate and food security, creating Better Days for 3 billion people by

the end of 2030 (from a 2015 baseline). Visit www.KelloggCompany.com.

Forward-Looking Statements

This press release contains a number of forward-looking statements, which are subject to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include predictions of future results or activities and may contain the words "expect," "believe," "will," "can," "anticipate," "estimate," "project," "should," or words or phrases of similar meaning, including but not limited to: The anticipated separation of WK Kellogg Co, future operating and financial performance, product development, market position and business strategy. The viewer is cautioned not to rely on these forward-looking statements. Forward-looking statements by their nature address matters that are, to different degrees, uncertain, and are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. The inclusion of such statements should not be regarded as a representation that such plans, estimates or expectations will be achieved. Important factors that could cause actual results to differ materially from such plans, estimates or expectations include, among others, (1) the ability to effect the separation transaction described above and to meet the conditions related thereto, (2) the ability of WK Kellogg Co to succeed as a standalone publicly traded company, (3) potential uncertainty during the pendency of the separation transaction that could affect Kellogg Company's financial performance, (4) the possibility that the separation transaction will not be completed within the anticipated time period or at all, (5) the possibility that the separation transaction will not achieve its intended benefits, (6) the possibility of disruption, including changes to existing business relationships, disputes, litigation or unanticipated costs in connection with the separation transaction, (7) uncertainty of the expected financial performance of Kellanova or the separated WK Kellogg Co following completion of the separation transaction, (8) negative effects of the announcement or pendency of the separation transaction on the market price of Kellogg Company's securities and/or on the financial performance of Kellogg Company, (9) evolving legal, regulatory and tax regimes, (10) changes in general economic and/or industry specific conditions, (11) actions by third parties, including government agencies and (12) other risk factors as detailed from time to time in Kellogg Company's reports filed with the SEC, including the Company's Annual Report on Form 10-K, periodic Quarterly Reports on Form 10-Q, periodic Current Reports on Forms 8-K and other documents filed with the SEC. Copies of these filings are available online at www.sec.gov, www.investor.kelloggs.com or on request from Kellogg Company. The foregoing list of important factors is not exclusive. Any forward-looking statement made in this press release speaks only as of the date of this press release. Kellogg Company does not undertake to update any forward-looking statement as a result of new information or future events or developments.

Non-GAAP Financial Measures

This press release includes non-GAAP financial measures that we provide to management and investors that exclude certain items that we do not consider part of on-going operations. Certain of these data are considered "non-GAAP financial measures" under the U.S. Securities and Exchange Commission rules. Items excluded from our non-GAAP financial measures are discussed in the "Significant items impacting comparability" section of our SEC filings. These non-GAAP financial measures supplement our GAAP disclosures and should not be considered an alternative to the GAAP measure. Our management team consistently utilizes a combination of GAAP and non-GAAP financial measures to evaluate business results, to make decisions regarding the future direction of our business, and for resource allocation decisions, including incentive compensation. As a result, we believe the presentation of both GAAP and non-GAAP financial measures provides investors with increased transparency into financial measures used by our management team, especially in connection with the spin-off, and improves investors' understanding of our underlying operating performance and in their analysis of ongoing operating trends. Please refer to the Appendix provided herein for a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures.

The Company cannot provide reconciliations to the most closely comparable GAAP measures for the forward-looking non-GAAP financial measures included in this presentation because it is unable to provide a meaningful or accurate calculation or estimation of certain reconciling items without unreasonable effort. This is due to the inherent difficulty in forecasting and quantifying certain amounts that are necessary for such reconciliation, including the potential full-year financial impact of mark-

to-market adjustments because these impacts are dependent on future changes in market conditions (interest rates, return on assets, and commodity prices). Thus, the Company is unable to present a quantitative reconciliation of the forward-looking non-GAAP financial measures included in this presentation to their most directly comparable forward-looking GAAP financial measures because such information is not available.

Footnotes:

¹ For Kellanova, Earnings Before Interest, Depreciation & Amortization, calculated as Net Income derived in accordance with U.S. GAAP, adjusted for: Interest expense, Income tax expense (benefit), Depreciation and amortization expense, commodity and foreign currency hedge mark-to-market impacts, Other income/expense, Earnings from unconsolidated entities, Income attributable to noncontrolling interests, separation costs related to the spin-off, and business and portfolio realignment costs. For WK Kellogg Co, Earnings Before Interest, Depreciation & Amortization, calculated as Net income (loss) derived in accordance with U.S. GAAP, adjusted for: Interest expense, Income tax expense (benefit), Depreciation and amortization expense, commodity and foreign currency hedge mark-to-market impacts, Other income/expense, separation costs related to the spin-off from Kellogg Company and business and portfolio realignment costs.

² For Kellanova reconciliations to GAAP measures, see the Kellanova investor event presentation found at: <https://investor.kelloggs.com>. For WK Kellogg Co reconciliations to GAAP measures, see the WK Kellogg Co investor event presentation found at: <https://investor.kelloggs.com>.

³ For detail on certain adjustments made to forward-looking Kellanova GAAP measures, see Forward-Looking Guidance – Non-GAAP Measures, included in the Kellanova investor event presentation found at: <https://investor.kelloggs.com>. For detail on certain adjustments made to forward-looking WK Kellogg Co GAAP measures, see Non-GAAP Measures in Outlook, included in the WK Kellogg Co investor event presentation found at: <https://investor.kelloggs.com>.

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For further information: Investor Relations Contacts: For inquiries regarding Kellanova, please continue to contact the following: John Renwick, Vice President, Investor Relations & Corporate Planning - john.renwick@kellogg.com, (269) 961-9050; or Jamie Duies, Director, Investor Relations - jamie.duies@kellogg.com, (269) 961-2486; For inquiries regarding WK Kellogg Co, please contact the following: Karen Duke, Vice President, Strategy Finance, FP&A, and Investor Relations - karen.duke@wkkellogg.com, (269) 401-3164; or Matt Harrison, Sr. Director, Investor Relations - matthew.harrison@wkkellogg.com, (269) 961-2457; Media Contacts: For media inquiries regarding Kellanova, please continue to contact the following: Kris Bahner, Chief Corporate Affairs Officer, - kris.bahner@kellogg.com, (269) 961-3799; For media inquiries regarding WK Kellogg Co, please contact the following: Stacy Flathau, Chief Corporate Affairs Officer, - stacy.flathau@wkkellogg.com, (269) 961-3683

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